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REPORT TO THE CONGRESS:

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# Medicare Payment Policy



The Medicare Payment Advisory Commission (MedPAC) is an independent federal body established by the Balanced Budget Act of 1997 (P.L. 105–33) to advise the U.S. Congress on issues affecting the Medicare program. The Commission’s statutory mandate is quite broad: In addition to advising the Congress on payments to health plans participating in the Medicare+Choice program and providers in Medicare’s traditional fee-for-service program, MedPAC is also tasked with analyzing access to care, quality of care, and other issues affecting Medicare.

The Commission’s 17 members bring a wide range of expertise in the financing and delivery of health care services. Commissioners are appointed to three-year terms (subject to renewal) by the Comptroller General and serve part time. Appointments are staggered; the terms of five or six Commissioners expire each year. The Commission is supported by a full-time executive director and a staff of analysts, who typically have backgrounds in economics, health policy, public health, or medicine.

The Commission’s work is organized around an analytic cycle that begins in June, when Commissioners meet to discuss the analytical issues and policy questions they wish to address in the coming year. Over the summer, the Commission staff translates the results of that discussion into a research agenda. In September, the Commission begins a series of monthly public meetings to discuss the results of staff research and to formulate recommendations.

Two reports—the primary outlet for Commission recommendations—are required by statute to be issued in March and June each year. Over the next two years, the Commission also will publish additional reports on a variety of subjects, including payment for care in rural areas, as required under the Balanced Budget Refinement Act of 1999. In addition to these reports, MedPAC advises the Congress through other avenues, including comments on reports to the Congress and proposed regulations issued by the Secretary of the Department of Health and Human Services, testimony, and briefings for congressional staff. This volume fulfills MedPAC’s requirement to submit an annual report to the Congress on Medicare payment policy.

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**MEDPAC** Medicare  
Payment Advisory  
Commission

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## Acknowledgments

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